

Memorandum

TO: PUBLIC SAFETY, FINANCE AND
STRATEGIC SUPPORT COMMITTEE

FROM: Jennifer A. Maguire

**SUBJECT: BI-MONTHLY FINANCIAL REPORT
FOR JANUARY/FEBRUARY 2010**

DATE: April 5, 2010

Approved

Date

4-6-10

The Bi-Monthly Financial Report for January/February 2010 was jointly prepared by the City Manager's Budget Office and the Finance Department and is presented for the Public Safety, Finance and Strategic Support Committee's review.

OVERVIEW

Through February, the City's overall budget remains in a fragile, but relatively sound condition. The Administration will continue to closely monitor economic conditions and the performance in the City's funds and will bring forward budget adjustments to the City Council during the remainder of the year as necessary. Following are key highlights in this report:

- The severe economic downturn continues to impact activity and revenue collections in the General Fund as well as several special and capital funds, including: funds that account for development-related taxes and fees (Construction Excise Tax Fund and Building and Structure Tax Fund); Transient Occupancy Tax Fund; and the Airport. The financial performance of these funds will be carefully monitored during the remainder of the year to determine if any adjustments are necessary. In addition, the Administration will continue to identify any potential budget impacts associated with State budget actions that may be brought forward during the year.
- Property Tax receipts in the General Fund are currently anticipated to meet the 2009-2010 budgeted estimates based on the most recent projections provided by the County of Santa Clara.
- The 2009-2010 budget estimate of \$121 million for General Sales Tax receipts in the General Fund allows for a decline of 5% from actual 2008-2009 receipts. Through the first two quarters of 2009-2010, collections have declined 9% from the same period in 2008-2009. Cash receipts for the second two quarters of 2009-2010 are cautiously anticipated to experience average growth of 4% from 2008-2009 to meet the modified budget estimate. This modest increase is considered reasonable given the deep declines experienced during the last two quarters of 2008-2009. Economic data and other indicators of the City's Sales Tax performance will continue to be closely monitored to determine if any adjustments are

OVERVIEW (Cont'd.)

necessary to the budgeted estimate by year-end. It should be noted that the General Fund Economic Uncertainty Reserve currently stands at \$5.5 million, and would be available to offset unanticipated revenue shortfalls in Sales Tax or any other General Fund revenue source. Due to the continued economic uncertainty, a recommendation may be brought forward to increase this Reserve using any one-time funds that could become available before the end of the fiscal year.

- In the Development Fee Programs, activity has continued to drop through February. Several actions have been approved during the year to reflect the lower collection levels. On October 20, 2009, a \$910,000 reduction to the 2009-2010 development-related revenue estimates and associated expenditures was approved as part of the 2008-2009 Annual Report actions. On November 17, 2009, Council approved an additional \$3.9 million of reductions to the development-related revenue estimates and associated expenditure appropriations. An additional reduction of \$468,000 from the loss of overhead from the Development Fee Programs to the General Fund was approved by Council as part of the 2009-2010 Mid-Year Budget Review on February 9, 2010.
- Expenditures are generally tracking within estimated levels through February. However, there are several departments that continue to experience higher than budgeted personal services expenditures. This is primarily due to: 1) the employment placement process where employees at higher salary levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees, and 2) the historically low number of vacant positions in the organization. Impacted Departments prepared Vacancy Savings Plans that outlined how these additional costs would be absorbed through savings from normal employee turnover, overtime controls, and/or identifying potential offsets through non-personal/equipment appropriation savings. Budget actions associated with implementation of these plans were approved by the City Council in conjunction with the 2009-2010 Mid-Year Budget Review. However, additional funding may need to be distributed to some departments by the end of the fiscal year to prevent appropriation overruns. The Vacancy/Filled Position Elimination Impacts Reserve, totaling \$1.0 million, is currently available to address this potential cost. Through proactive cost management, the Administration will attempt to retain as much of this \$1.0 million as possible for potential use in the 2010-2011 budget process.
- The Administration will continue to report to the City Council any and all significant developments through this reporting process.

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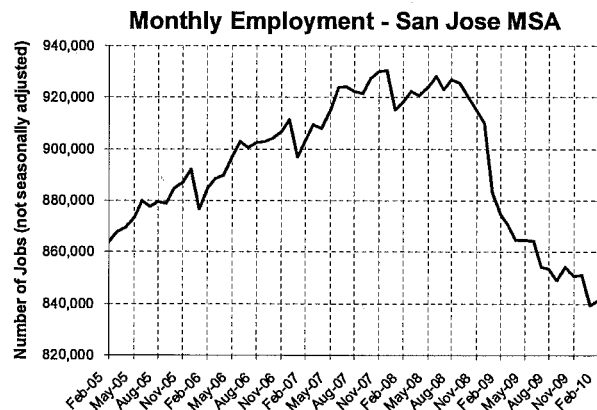
OVERVIEW (Cont'd.)**Economic Environment**

Reversing four quarters of economic contraction, U.S. Gross Domestic Product (GDP) began to grow again during the last two quarters of 2009, with at least part of that growth attributable to the federal stimulus program. However, the key economic indicators are mixed, with GDP growing in the fourth quarter of 2009 at an impressive rate of 5.6%, but with the seasonally-adjusted February 2010 U.S. unemployment rate of 10.4% remaining close to its January 2010 high of 10.6%.

Although The Conference Board Consumer Confidence Index increased in March, Lynn Franco, Director of The Conference Board Consumer Research Center, noted that "...despite this month's increase, consumers continue to express concern about current business and labor market conditions. And, their outlook for the next six months is still rather pessimistic. Overall, consumer confidence levels have not changed significantly since last spring."

Employment in the San Jose Metropolitan Statistical Area (MSA) remains well below the prior year level. The February 2010 employment level of 841,300 was 3.9% below the February 2009 employment level of 875,100. Over the past 12 months, the San Jose MSA has lost 33,800 jobs.

The San José metropolitan area continues to experience double-digit unemployment, although the February 2010 unemployment rate of 12.1% represents a decline from the January 2010 rate of 12.4%. The February 2010 figure is significantly higher than the 9.9% rate

**Unemployment Rate (Unadjusted)**

	Feb. 2009	Jan. 2010	Feb. 2010
San Jose Metropolitan Statistical Area*	9.9%	12.4%	12.1%
State of California	10.7%	13.2%	12.8%
United States	8.9%	10.6%	10.4%

* San Benito and Santa Clara Counties

Source: U.S. Bureau of Labor Statistics.

experienced a year ago. The February 2010 unemployment rate in this region is less than the unadjusted unemployment rate for the State, but remains above the nation, which has a current unadjusted unemployment rate of 10.4%.

Through February, permit activity for residential, commercial, and industrial construction was significantly below prior year levels. Only 292 residential permits have been issued so far this fiscal year compared with 1,031 residential permits issued at this time last year, a 72% drop. The total valuation of commercial permits issued so far this year is \$119.2 million, a 28% drop from the prior year valuation of \$166.8 million. The \$78.6 million of industrial

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OVERVIEW (Cont'd.)

permits issued this year shows an even larger drop, 60%, from the prior year valuation of \$197.4 million.

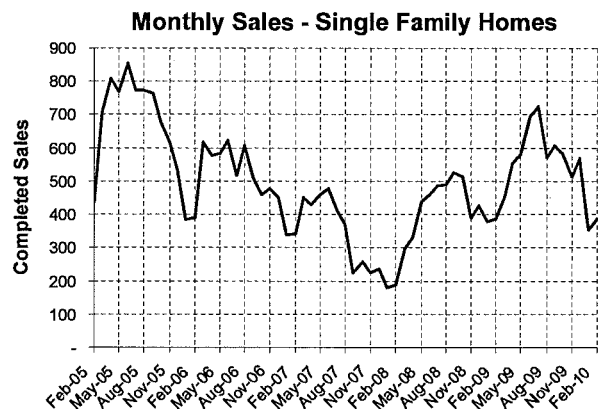
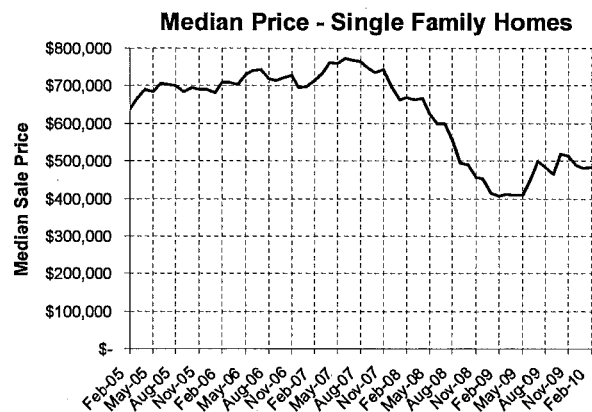
This permit activity drives the revenue collection in several construction tax categories and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees. Additionally, over the last ten years, the construction industry has provided approximately 5% of the region's jobs; so the reduction in permit activity is expected to contribute to a slow recovery in local employment.

The February 2010 median home price of \$485,000 for single family homes within the City is 19.3% above the February 2009 median of \$406,500. February marks the fifth consecutive month in which the median home price has increased from the same month in the prior year. Despite this improvement, housing prices remain well below the levels seen in recent years.

Another positive indicator for the local real estate market is the drop in average days-on-market from the high of 90 in June 2009 to 64 in February 2010. Moreover, for the first eight months of 2009-2010, the 4,315 total property transfers (completed sales) for single family homes was the highest number for the same period since February 2006.

The 2009-2010 Adopted Budget revenue estimates were built on the assumption that the deep global recession would continue to impact national and local economic performance through 2009 and into 2010. Those impacts included high unemployment, depressed home values, reduced household consumption, and lower levels of business and construction activity. Through the first eight months of the fiscal year, those assumptions have been validated by the economic indicators most relevant to the City's fiscal health.

Economic conditions will continue to be closely monitored, and any necessary budget re-balancing actions that may result from any negative impacts on City revenues will be brought forward before the end of the year.



GENERAL FUND

REVENUES

General Fund revenues and transfers through February 2010 totaled \$426.4 million. This was a decrease of \$52.7 million (11.0%) from the February 2009 level of \$479.1 million. Collections were higher than the prior year in a few categories, including Franchise Fees, Fines, Forfeitures and Penalties, and Revenues from the Federal Government. Collections for all other categories are falling below prior year levels.

Many of these declines, particularly in the economically sensitive categories, were anticipated when the 2009-2010 budget was developed; however, the extent of the decline in development-related revenues was not fully anticipated. Accordingly, reductions to the 2009-2010 development-related revenue estimates and associated expenditures were approved as part of the 2008-2009 Annual Report actions on October 20, 2009, and the Council approved additional reductions on November 17, 2009, with associated reductions from the loss of overhead approved as part of the Mid-Year Budget Review on February 9, 2010. These reductions will be addressed in more detail below in the Licenses and Permits and Departmental Charges discussions.

Based on collections through February, it is anticipated that General Fund revenues will meet the overall modified budget estimate by year-end. However, continued close monitoring of 2009-2010 performance will be necessary to determine if additional adjustments to these revenue estimates will be necessary during the remainder of the year.

The following discussion highlights General Fund revenue activities through February.

KEY GENERAL FUND REVENUES

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Property Tax	\$ 199,849,000	\$ 108,673,440	\$ 111,777,538

The Property Tax category consists of Secured Property Tax, Unsecured Property Tax, SB 813 Property Tax (retroactive collections back to the point of sale for reassessments of value due to property resale), and Homeowners Property Tax Relief.

Through February, \$108.7 million was received. The 2.8% decrease from the prior year collection level of \$111.8 million was primarily the result of lower collections in the Secured and SB 813 Property Tax categories partially offset by higher receipts in the Unsecured Property Tax category.

Secured Property Tax accounts for \$95.6 million of the \$108.7 million in Property Tax revenue received through February 2010. Based on information from the County of Santa Clara Controller-Treasurer's Office, the Secured Property Tax roll is expected to reach \$185.2 million,

GENERAL FUND (Cont'd.)

KEY GENERAL FUND REVENUES (Cont'd.)

which reflects a projected decline of 3.7% from the prior year. This decline is slightly lower than the 4.0% drop assumed when the 2009-2010 Adopted Budget was developed. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.6 million increase to the budget estimate for this category, bringing the estimate in line with the current projection of \$185.2 million.

The 2009-2010 collections are based on the value of property assessed on January 1, 2009, with any tax roll corrections. In developing this most recent estimate, the County has made a projection on the value of downward adjustments that will be made during the year. Because tax roll adjustments are still occurring and will continue to take place until the end of May 2010, the Budget Office will continue to work with the County on refining this estimate.

The largest payment in the Unsecured Property Tax category is received in October of each year. Receipts of \$11.0 million are tracking to exceed the budgeted estimate of \$10.0 million by approximately \$1.0 million.

For the SB 813 Property Tax category, collections totaled \$1.5 million through February, which was just over half of the prior year collection level of \$3.0 million. Collections in this category were expected to fall in 2009-2010 based on the decline in housing prices, and the 2009-2010 budget estimate of \$3.5 million allows for a drop of 38% from the \$5.7 million collected in 2008-2009. The actual decline through February of 48% is larger than anticipated. If current trends continue, a downward adjustment to this revenue estimate may be necessary before the end of the year.

It is anticipated that Homeowners Property Tax Relief revenue will be received at approximately the budgeted level of \$1.1 million.

It should be noted that the Property Tax category has been impacted in 2009-2010 by the emergency suspension of Proposition 1A that was passed by the Legislature and signed by the Governor as part of the 2009-2010 State Budget package on July 28, 2009. Under this provision, the State will borrow 8%, or approximately \$20.5 million, of the amount of property tax revenue that would have been distributed to San José in 2009-2010.

To fully offset this impact, the City is participating in the California Communities Proposition 1A Securitization Program. The Proposition 1A Bonds were successfully sold by California Communities on November 10, 2009, and the City's Proposition 1A receivable amount of \$20.5 million will be distributed to the City in two equal installments: January 15, 2010 and May 3, 2010 to coincide with the City's normal property tax distribution schedule administered by the Santa Clara County Controller's Office.

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Sales Tax	\$ 125,075,000	\$ 63,440,262	\$ 74,192,746

The Sales Tax category includes General Sales Tax and Proposition 172 Sales Tax.

General Sales Tax receipts through February of \$61.2 million are tracking 14.5% below the prior year collection level of \$71.6 million. This reflects actual performance for the first quarter along with a "triple flip" payment and advances from the State. This also reflects the effect of a Sales Tax recording error that understated the fourth quarter General Sales Tax for 2008-2009 and correspondingly overstated the first quarter General Sales Tax for 2009-2010.

While not reflected in the figures through February, the City has received preliminary information on the City's Sales Tax performance in the second quarter that shows a decline of 5.3% from the second quarter of 2008-2009. This represents sales activity from October through December 2009. While cash receipts were down 5.3%, Sales Tax collections on an economic basis were down even further, by 7.4%. The City's Sales Tax consultant, MuniServices, LLC, provided economic performance data, which is considered to be a more accurate measure of the actual sales tax activity in San José for a particular period than the cash receipts. This analysis measures sales tax receipts, excluding state and county pools, and adjusts for anomalies, payments to prior periods, and late payments. On an economic basis, the drop in the most recent quarter was the result of declines in all sectors except Transportation and Miscellaneous.

**Sales Tax Revenue Economic Performance
2nd Quarter 2009-2010**

Economic Sector	% of Total Revenue	% Change from 2nd Quarter 2008-2009
General Retail	31.7%	- 3.7%
Business to Business	24.3%	- 18.4%
Transportation	19.7%	+ 6.2%
Food Products	15.3%	- 7.3%
Construction	8.2%	- 13.5%
Miscellaneous	0.8%	+ 9.5%
Total	100.0%	- 7.4%

The modified budget estimate of \$121 million allows for a 5% decline in 2009-2010 from actual 2008-2009 cash receipts and anticipated that the first two quarters would experience significant declines from the prior year, with the second two quarters experiencing increases from the prior

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

year. Through the first two quarters of 2009-2010, actual cash receipts have declined 9.2% from the same period in 2008-2009. Adjusting for the recording error mentioned above, cash receipts for the second two quarters of 2009-2010 are cautiously anticipated to experience average growth of 3.8% from 2008-2009 to meet the modified budget estimate. This modest increase is considered reasonable given the deep declines experienced during the last two quarters of 2008-2009. Economic data and other indicators of the City's Sales Tax performance will continue to be closely monitored to determine if any adjustments are necessary to the budgeted estimate by year-end. It should be noted that the General Fund Economic Uncertainty Reserve currently stands at \$5.5 million, and would be available to offset unanticipated revenue shortfalls in Sales Tax or any other General Fund revenue source. Due to the continued economic uncertainty, a recommendation may be brought forward to increase this Reserve using any one-time funds that could become available before the end of the fiscal year.

Through February, the Proposition 172 Sales Tax receipts of \$2.2 million were tracking 13.3% below the prior year collection level of \$2.6 million. The 2009-2010 budget estimate, however, allows for a drop of only 3.3%. Based on year-to-date collection trends, it is likely receipts in this category will end the year below the budgeted estimate. Staff will continue to monitor these revenues closely and bring forward adjustments before the end of the year, if necessary.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Transient Occupancy Tax	\$ 6,553,000	\$ 3,542,348	\$ 5,301,301

Through February, Transient Occupancy Tax (TOT) collections of \$3.5 million were tracking 33.2% below the prior year collection level of \$5.3 million for the same period (28.6% below after adjusting for compliance revenue). The 2009-2010 budget estimate allows for a drop of only 15.9% from the prior year. This negative variance for the first half of the year is not unexpected, since 2008-2009 TOT collections were relatively strong in the first half of the year and fell significantly in the second half of the year. As 2009-2010 progresses, TOT collections are expected to approach the estimated level; however, receipts may fall below the budgeted estimate if the expected improvement over the extremely low activity levels experienced last year is not realized in the second half of the year.

Through February, the average hotel occupancy rate at the 14 major hotels was 53.19%, down from the 56.2% occupancy rate for the same period in 2008-2009. For the same 14 hotels, the average daily room rate through February is \$117.14, down from the \$134.40 room rate for the same period in 2008-2009. Of note, February 2010 marks the first month for which the trailing 12-month average revenue-per-available-room (RevPAR) metric has increased since September 2008.

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

Staff will continue to monitor these revenues closely and bring forward adjustments before the end of the year, if necessary.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Utility Tax	\$ 87,639,000	\$ 47,098,781	\$ 52,131,113

Through February, Utility Tax receipts of \$47.1 million reported in the City's financial management system were down 9.7% from last year's collection level of \$52.1 million. In several Utility Tax categories, however, large payments for February were received too late to be included in the February month-end accounting close. Adjusting for those payments, Utility Tax receipts through February of \$51.3 million were down only 1.5% from the prior year collection level. To meet the 2009-2010 budgeted estimate, receipts must increase 2.2% from the prior year. Overall, if current collection trends continue, it is expected that overall receipts will meet or slightly exceed the budgeted estimate.

In the Electric Utility Tax category, adjusting for a large February payment that was posted after the month-end accounting close, collections of \$23.2 million were tracking 2.1% below the prior year level of \$23.7 million. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.9 million decrease to the budget estimate for this category. Growth of 0.1% is needed to meet the Electric Utility budget estimate of \$37.6 million, and receipts will continue to be monitored carefully.

In the Gas Utility Tax category, adjusting for a large February payment that was posted after the month-end accounting close, receipts of \$4.6 million were tracking 22.0% below the prior year level of \$5.9 million. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.7 million decrease to the budget estimate for this category. The budgeted estimate of \$8.7 million allows a decline of 9.9% from the actual 2008-2009 collection level. The decline experienced to date is consistent with commercial and residential forecasts provided by PG&E. The forecasts projected that average gas costs would remain well below prior year levels through the first four months of the fiscal year and then stay close to or rise above the prior year levels later in the year. Based on these projections and the limited collection data, improvement is expected through the remainder of the year. Collections in the next several months will provide a much better indicator of receipts in this category since approximately two-thirds of the revenue in this category is typically collected in the second half of the year.

Adjusting for a large February payment that was posted after the month-end accounting close, collections of \$5.5 million in the Water Utility category are 12.7% below the prior year level of \$6.3 million. The 2009-2010 estimate of \$8.5 million would allow for an actual decline of approximately 9.0% from the prior year collection level. This category is always subject to

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

fluctuations related to the amount of precipitation received, particularly in the spring. This category may also be impacted by conservation efforts. At this point, collections are expected to at least meet the budgeted estimate.

Collections in the Telephone Utility Tax category of \$18.0 million were tracking 10.9% above the prior year collection level of \$16.2 million. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$6.3 million increase to the budget estimate for this category. Based on the 2008-2009 actual receipts of \$29.2 million and the current collection trends, receipts are expected to achieve the budgeted estimate of \$32.8 million by year-end. Collections in this category have been significantly impacted by Measure K that was approved by voters in November 2008 and became effective in April 2009. This measure lowered the tax rate by 10% and modernized the tax base. Based on recent collection trends, the modernization of the tax base, which included adding international and interstate calls as well as toll free numbers and fax machines, appears to have more than offset the decline in revenues associated with the 10% reduction in the tax rate.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Licenses and Permits	\$ 64,759,836	\$ 43,630,670	\$ 48,479,366

Through February, Licenses and Permits revenue of \$43.6 million tracked 10.0% below the prior year level of \$48.5 million. This is greater than the 8.0% decline from the 2008-2009 collection level of \$70.4 million needed to meet the 2009-2010 budget estimate. The Building Permit and Fire Permit categories had the largest negative variance due to the low level of development activity in the City. Other categories that fell below the prior year included Business Tax, Cardroom Tax and Disposal Facility Tax. These negative variances were partially offset by higher collections in the Miscellaneous Licenses and Permits category. Following is a discussion of the major components of this category.

Building Permit revenues of \$10.0 million through February were tracking 18.5% below the 2008-2009 collection level of \$12.3 million for the same period. As development activities are well below anticipated levels, recommendations were approved in the 2008-2009 Annual Report as well as the November 17, 2009 Fee Program Budgets rebalancing memorandum. An additional reduction associated with the November 17, 2009 memorandum was approved in conjunction with the 2009-2010 Mid-Year Budget Review. The revised budget estimate of \$14.6 million represents a 15.6% reduction from the prior year. Although the Building Fee Program Reserve was reduced by \$37,000 as part of the November 17, 2009, actions, a balance of \$1.4 million remains available to address potential revenue shortfalls. It is anticipated, however, that Building Permit revenues will achieve the revised budget estimate.

GENERAL FUND (Cont'd.)

KEY GENERAL FUND REVENUES (Cont'd.)

Through February, Fire Licenses and Permits collections of \$4.4 million were tracking approximately 11.0% below estimated levels and 15.2% below the prior year receipts of \$5.2 million. Development-related collections of \$1.9 million are 33.4% below levels received through February 2009, and 11.4% below estimated levels primarily due to lower than anticipated development plan review and inspection activities for architecture and engineering systems. As development activity continued to drop, recommendations were approved in the 2008-2009 Annual Report as well as the November 17, 2009 Fee Program Budgets rebalancing memorandum. An additional reduction associated with the November 17, 2009 memorandum was approved in conjunction with the 2009-2010 Mid-Year Budget Review.

Nonetheless, even with these rebalancing actions, it appears as though development-related collections will fall short of the budget estimate of \$3.2 million. The Fire Fee Program Reserve (currently budgeted at \$2.2 million) is available to offset any revenue shortfall that may be experienced this fiscal year.

Cardroom Tax receipts of \$7.3 million through February were 9.7% below the prior year level of \$8.1 million. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$500,000 reduction to the budget estimate for this category. The current collection level is tracking somewhat lower than the 2009-2010 modified budget estimate of \$12.7 million, which allows for a drop of 7.0% from 2008-2009 receipts.

In the Business Tax category, revenues of \$8.6 million through February were tracking 7.5% below the prior year level of \$9.2 million. The current economic slowdown has impacted the number of businesses as well as staffing levels, which directly impact Business Tax receipts. In addition, this year the City has seen an increase of over 40% in the number of applications for reduced Business Tax rates due to hardship/exemption. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.6 million reduction to the budget estimate for this category. The 2009-2010 modified budget estimate of \$11.0 million assumes a 10.4% decrease from 2008-2009. Collections are currently projected to meet the revised budget estimate.

On March 16, 2010, the City Council directed staff to return in April with actions to suspend business taxes for the first 1,000 qualifying businesses (businesses current on all City obligations and with 35 or fewer employees) that provide evidence of a new lease or lease renewal executed between January 1, 2010, and June 30, 2010. The impact of the temporary suspension on 2009-2010 Business Tax collections is estimated to range between \$150,000 and \$636,000.

Disposal Facility Tax revenue of \$6.7 million through February is tracking 6.5% below the prior year level of \$7.2 million. After adjusting for payment timing differences, collections are tracking 6.9% below last year. Receipts are experiencing declines due to the slowdown in economic activity, which has led to the disposal of fewer tons of solid waste. In February 2010,

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.0 million reduction to the budget estimate for this category. The 2009-2010 modified budget estimate of \$11.9 million allows for a decline of only 1.9% in this category. Given the current economic conditions, a further reduction to this revenue estimate may be necessary by year-end.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Revenue from Local Agencies	\$ 50,902,239	\$ 26,224,772	\$ 34,043,292

This category includes reimbursement from the Redevelopment Agency for City services, grants from various agencies, reimbursement for fire suppression services in unincorporated County pockets, and reimbursement for emergency medical services. Revenues through February of \$26.2 million were 23.0% below the prior year level of \$34.0 million.

The budgeted reimbursements from the San Jose Redevelopment Agency total \$20.3 million for City support services and an additional \$14.7 million for the Convention Center debt service payments. Through February, the City has received \$19.9 million from the Redevelopment Agency to reimburse the City for eligible expenditures, 11.7% below the prior year level of \$22.6 million. Downward budget adjustments totaling of \$256,000 related to Agency support of the San Jose BEST program, City staff services, and City Hall rent were approved by the City Council in February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, as part of 2009-2010 budget balancing actions for the Redevelopment Agency. All but \$50,000 for the City Hall rent reduction were offset by accompanying General Fund expenditure reductions. It is anticipated that the City will be reimbursed for all eligible expenditures in 2009-2010.

Through February, payments totaling \$3.0 million have been received from the Central Fire District for fire services provided by the City and are tracking within estimated levels. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$300,000 reduction to the budget estimate for this category. That reduction was based on a Central Fire District staff estimate that collections in this category will fall below the 2009-2010 Adopted Budget estimate due to the drop in Property Tax receipts.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Departmental Charges	\$ 27,538,198	\$ 14,198,022	\$ 18,440,973

Through February, Departmental Charges revenues of \$14.2 million were tracking 23.0% below the 2008-2009 collection level of \$18.4 million. To meet the modified budget estimate of \$27.5 million, growth of 0.8% is needed. The largest declines were experienced in the Public Works, Planning, Transportation, and Police Departmental Charges as discussed below.

GENERAL FUND (Cont'd.)

KEY GENERAL FUND REVENUES (Cont'd.)

Public Works fee revenue of \$2.0 million was 53.2% below the prior year collection level of \$4.4 million. As noted above, Council took actions in November (-\$1.0 million) and again in February (-\$99,000) to reduce the 2009-2010 budget estimate in this category to \$4.5 million. The revised budget estimate represents a 30.0% reduction from the prior year. Additionally, the Public Works Fee Program Reserve of \$32,000 was reduced to zero as part of the November actions.

To offset the lower revenue, the Public Works Department has implemented several cost-saving measures such as redeploying positions from the fee program to capital projects, as well as the deletion of 2.63 positions. At this point, the Department anticipates collecting approximately \$3.8 million, which is \$0.5 million lower than the modified revenue estimate. The Department plans to achieve full cost-recovery by implementing additional cost-saving measures. The City Manager's Budget Office and the Public Works Department will continue to monitor expenditures and revenues very closely to ensure that this program ends the year at full cost-recovery.

Planning fee revenue of \$1.6 million was 47.7% below the prior year collection level of \$3.0 million. Council took actions in October as part of the 2008-2009 Annual Report (-\$67,000), in November (-\$0.7 million), and again in February (-\$91,000) to reduce the 2009-2010 budget estimate in this category to \$3.1 million. Although the revised budget estimate represents a 27.7% reduction from the prior year, a budget shortfall for this category of as much as \$800,000 is still considered likely. Although the Planning Fee Program Reserve was reduced by \$82,000 as part of the November actions, a balance of \$405,000 remains available to address a portion of the potential revenue shortfalls. The City Manager's Budget Office and the Department will continue to monitor Development Fee Program revenues closely, and bring forward additional adjustments as necessary.

Transportation fee collections through February totaled \$507,000, down 37.0% from the prior year amount of \$804,000. The budget estimate of \$1.0 million, however allows for a decline of only 8.1% in this category. With the slowdown in development activity, the Department of Transportation's revenue collections are tracking to end the year below the budgeted estimate by approximately \$200,000. The categories with the largest negative variances include the development-related minor and major signal modifications as well as the Geometric Design Fees.

Through February, Police revenues of \$1.2 million were tracking 23.3% below the expected level of \$1.5 million, and slightly above the prior year level of \$1.1 million. Photostat (Police Records/Reports) and Impounded Vehicle Release fees were restructured in the 2009-2010 Adopted Operating Budget to achieve a higher level of revenue collections; however, both fees are tracking below estimated levels, 38% and 28% respectively. Lower revenues in these areas are due mainly to lower activity levels due to the downturn in the economy. Consequently, in

GENERAL FUND (Cont'd.)**KEY GENERAL FUND REVENUES (Cont'd.)**

conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$200,000 reduction to the Impounded Vehicle Release Fee budget estimate. Lower revenue in State reimbursements for prisoner extraditions can be attributed to a backlog in billing the State for extradition expenses; however, the Department estimates meeting the budgeted revenue for prisoner extradition reimbursements by the end of 2009-2010. At this time, revenue is expected to end the year below estimated levels by approximately \$500,000. The Police Department and City Manager's Budget Office will continue to analyze revenue levels to determine if further adjustments to the revenue estimate will be needed before the end of 2009-2010.

Revenue	2009-2010 Estimate	YTD Actual	Prior YTD Collections
Transfers and Reimbursements	\$ 88,056,835	\$ 58,117,635	\$ 73,234,625

This category includes overhead reimbursements from operating and capital funds, transfers, and other reimbursements. Transfers and Reimbursement collections of \$58.1 million through February were tracking below the prior year level of \$73.2 million due to lower budgeted transfers from other funds and lower budgeted reimbursements for services.

Overhead is currently budgeted at \$39.5 million. Through February, overhead collections of \$33.2 million were tracking slightly above estimated levels due to higher than projected capital project overhead. In February 2010, in conjunction with the 2009-2010 Mid-Year Budget Review, the City Council approved a \$1.6 million increase to the budget estimate for this category to reflect higher collections in the first half of the year. If current trends continue, collections are expected to slightly exceed the revised budgeted estimate by year-end.

Transfers from other funds collections of \$20.4 million are currently tracking below the budget estimate of \$31.5 million, primarily due to lower than anticipated interest earnings transfers from other funds to the General Fund. It is anticipated that a downward adjustment of up to \$1 million will be necessary by year-end to reflect the lower collections in this area.

Reimbursements for services collections of \$4.5 million are tracking below the budget estimate of \$17.1 million because the state has delayed payment of a portion of local agency Gas Tax revenues until April 2010 to address its cash flow challenges. Based on monthly Gas Tax allocation reports from the State Controller's Office, receipts in this category are tracking very close to the budgeted estimate.

Overall, collections in the Transfers and Reimbursements category are expected to end the year close to the budgeted estimate.

GENERAL FUND (Cont'd.)**EXPENDITURES**

Through February, General Fund expenditures of \$525.1 million were 7.6% below the prior year level of \$568.5 million. Encumbrances of \$35.0 million were 20.1% below the prior year level of \$43.8 million. Expenditures and encumbrances (\$560.1 million) through February constitute 62.2% of the total 2009-2010 revised budgeted uses of funds (\$901.0 million, excluding reserves). On an overall basis, cumulative departmental and non-departmental expenditures are tracking within budgeted levels.

As discussed in previous Bi-Monthly Financial Reports for 2009-2010, many departments have experienced higher than budgeted personal services expenditures. This is primarily due to: 1) the employment placement process where employees at higher salary levels were placed into vacant positions budgeted at a lower level or into positions previously held by lower step employees, and 2) the historically low number of vacant positions in the organization. A certain level of vacancies is assumed in the development of the budget for each department and if there are insufficient vacancies to meet this budgeted vacancy factor, departments can over-expend their Personal Services appropriations. Impacted Departments prepared Vacancy Savings Plans that outlined how these additional costs would be absorbed through savings from normal employee turnover, overtime controls, and/or identifying potential offsets through non-personal/equipment appropriation savings. Budget actions associated with implementation of these plans were approved by the City Council as part of the 2009-2010 Mid-Year Budget Review. However, additional funding may need to be distributed to some departments by the end of the fiscal year to prevent appropriation over-runs. The following departments/offices are currently tracking to exceed their budget: Attorney's Office, Clerk's Office, Office of Economic Development, and the Planning, Building, and Code Enforcement Department. The administration will continue to work with these offices/departments to minimize any year-end overages. The Vacancy/Filled Position Elimination Impacts Reserve, totaling \$1.0 million, is currently available to address this potential cost. Through proactive cost management, the Administration will attempt to retain as much of this \$1.0 million as possible for potential use in the 2010-2011 budget process.

KEY GENERAL FUND EXPENDITURES

Department	2009-2010 Budget	YTD Actual	Prior YTD Actual
Police	\$ 297,971,650	\$ 185,573,270	\$ 177,154,699

On an overall basis, Police Department expenditures are currently tracking within estimated levels. Personal services expenditures of \$175.6 million tracked close to anticipated levels (63.9% compared to the par of 64.4%). The Department has 1,368 authorized sworn staff positions of which 57 are currently vacant. As described in an information memorandum to the City Council dated January 14, 2010, the January 2010 Police Academy was postponed due to the budget shortfall projected for 2010-2011.

GENERAL FUND (Cont'd.)

KEY GENERAL FUND EXPENDITURES (Cont'd.)

Overtime expenditures of \$8.0 million through February tracked slightly above anticipated levels with 65.0% expended. The higher overtime expenditure level was due primarily to automated payouts for staff with compensatory time over Fair Labor Standards Act (FLSA) levels (240 hours for non-sworn and 480 hours for sworn personnel). These payments totaled \$1.3 million through February. A detailed discussion of the sworn personnel compensatory time balance is included below. A major use of Police overtime is associated with meeting the requirements for staffing the "high" security threat level, or "Orange Alert" advisory, issued by the federal Department of Homeland Security at the Airport. Overtime expenditures through February related to the increased security threat level totaled \$675,000, with additional overtime of approximately \$348,000 projected through year-end. Accordingly, an increase of \$1,023,000 to the Department's Personal Services appropriation was approved in the 2009-2010 Mid-Year Review, funded by a corresponding increase to the reimbursement to the General Fund from the Airport Maintenance and Operating Fund. It should be noted that, to contain costs at the Airport, the Airport and Police Departments are in discussions with the Transportation Security Administration (TSA) to clarify the minimum number of personnel/hours required for Orange Alert staffing. Operating at the minimum Orange Alert staffing level could reduce the amount of overtime needed for the remainder of the year and consequently reduce the transfer from the Airport Maintenance and Operating Fund. If overtime reductions can be implemented, additional budget actions to return unspent funding to the Airport will be brought forward by year-end.

The compensatory time balance at the end of February 2010 was 223,968 hours for sworn personnel. This represents a decrease of 11,954 hours (5.1%) from the January 2010 balance of 235,922, and a 19,596 hour decrease (8.0%) compared to the February 2009 balance of 243,564 hours. The decrease in sworn compensatory time balance at the end of February 2010 compared to January 2010 is attributed to additional overtime controls put in place during 2009-2010. To manage overtime levels, all overtime requires preapproval by a supervisor and is now tracked through the use of overtime codes to determine the type of usage. Continued active management of the overtime budget and earned compensatory time is necessary to ensure overall Personal Services expenditures remain within budgeted levels.

A total of \$12.9 million (55.4%) of the Department's non-personal/equipment budget was expended or encumbered through February. Excluding the remaining balances for centrally-determined details, including electricity, gas, and vehicle operation and replacement, the Department has approximately \$3.6 million, or 35.6% of the non-centrally-determined appropriation, available for the remainder of the fiscal year. The Budget Office and the Department will monitor expenditures closely to ensure expenditures are within appropriated levels by year-end.

GENERAL FUND (Cont'd.)**KEY GENERAL FUND EXPENDITURES (Cont'd.)**

Department	2009-2010 Budget	YTD Actual	Prior YTD Actual
Fire	\$ 155,005,172	\$ 97,517,514	\$ 102,311,063

Overall, expenditures for the Fire Department were tracking within budgeted estimates through February, with 63.4% expended. Personal services expenditures through February tracked slightly below budgeted levels with \$92.8 million (62.9% compared to the par of 64.4%).

Personal services expenditures, for full-time salary, overtime and benefits, tracked slightly below anticipated levels due to the timing of budgeted activities. Two Firefighter Recruit academies are budgeted for 2009-2010. The first academy started in October 2009 (with 28 Firefighter EMT Recruits) and staff completed training in February 2010. The second academy, which was scheduled to occur in the spring, is expected to be postponed until the impact of the 2010-2011 budget actions on the Fire Department is known to avoid overstaffing in the Firefighter ranks. The Fire Department may instead offer two Fire Engineer Academies to expedite filling Fire Engineer vacancies. The cost for these two Fire Engineer academies is less than a Firefighter Recruit academy. Overtime expenditures through February were \$6.4 million (50.0% compared to the par of 64.4%) and tracked below estimated levels due to changes implemented by the Fire Department Administration to reduce overtime usage. Factoring in anticipated expenditures and overtime activities that will occur after this reporting period, the Fire Department currently anticipates ending the year within the budgeted personal services allocation.

The Fire Department's Non-Personal/Equipment budget of \$7.5 million was 73.3% expended or encumbered through February. The Department anticipates ending the year within the budgeted allocation for both the personal services and non-personal/equipment.

Through February, the Fire Department was staffed with a sufficient number of paramedic positions. There are 222 filled paramedic positions (173 front-line Firefighters Paramedics, 5 Supervisors, and 44 Support Paramedics) compared to the 157 front-line Firefighter Paramedics that are necessary to fully staff all apparatus. Of the 30 Firefighters from the April 2009 Academy (who graduated in August 2009), 17 have completed the Paramedic accreditation process. The remaining 13 Firefighters are expected to complete the process before June 2010. The Department expects to maintain the target staffing level of 157 front-line Firefighter Paramedics for at least the remainder of the year.

CONTINGENCY RESERVE

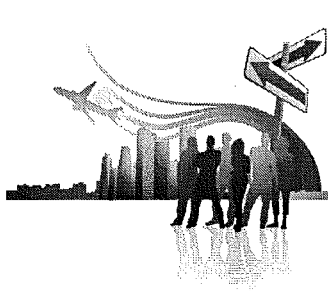
The General Fund Contingency Reserve remains at \$30.7 million through February, with no revisions through the first eight months of the fiscal year.

OTHER FUNDS

Airport Funds

On a fiscal year-to-date basis, the Norman Y. Mineta San José International Airport (SJC) has enplaned and deplaned 5.4 million passengers, a decrease of 9.4% from the figures reported through February of the prior year.

Fiscal year-to-date mail, freight and cargo totaled 74.5 million pounds, which represents a 23.9% decrease from 2008-2009. Traffic Operations (landings and takeoffs) trailed last year by 17.0%, Landed Weights by 14.0%, and Taxicab Operations trailed last fiscal year by 14.2%. Passenger Facility Charge (PFC) revenues were 5.7% less than the prior year.



SJC Passengers	Feb. 2010	Feb. 2009	% Change
Enplaned YTD	2,697,875	2,977,674	-9.4%
Deplaned YTD	2,720,165	3,001,843	-9.4%
YTD Passengers	5,418,040	5,979,517	-9.4%
Monthly Enplanements	276,930	293,910	-5.8%
Monthly Deplanements	277,549	295,176	-6.0%
February	554,479	589,086	-5.9%

The Airport's estimated revenue was revised downward by \$4.5 million as part of the 2008-2009 Annual Report approved in October 2009, allowing for a 7% reduction in projected passenger activity levels from 2008-2009. Operating revenues through February 2010 total \$68.1 million and are on par with the modified budget, reflecting conservative budgeting for the Airport funds.

Airline rates and charges – landing fees and terminal rentals – continue to track above the budgeted estimate. Airfield revenues were also above budgeted levels, tracking at 8% above the estimate. Terminal concessions and miscellaneous rents revenues have been adversely impacted by delays in the opening of the new concessions, termination of operations of Verified Identity Pass Inc., which administered the Airport's registered traveler program, and the reduction of the per-square-foot rate for terminal space rent for non-airline tenants.

Personal Services expenditures in the Airport Maintenance and Operation (M&O) Fund are currently expected to end the year slightly above budget. Unanticipated vacancies due to resignations and retirements will help contribute to achieving the 2% department vacancy factor and partially offset a projected overage in Personal Services expenditures. This possibility was considered in the development of the 2009-2010 Adopted Budget and salary reserve funds are available to cover the slight Personal Services overage currently anticipated. Non-Personal/Equipment expenditures through February are 47.6% of budget compared to the budgeted estimate of 56.4%. Non-Personal/Equipment expenditure savings result from the Airport's adherence to its \$4.9 million internal 2009-2010 Cost/Position Management Plan. Encumbrances of \$8.0 million bring total Personal Services and Non-Personal/Equipment commitments to \$47.9 million or 66.2% of the budget.

OTHER FUNDS (Cont'd.)

Construction and Conveyance Tax Funds

After experiencing almost continuous declines since spring 2005, Construction and Conveyance Tax revenues are beginning to stabilize, which may indicate this revenue stream has bottomed out. Collections through February 2010 totaled \$13.0 million (54% of the 2009-2010 estimate of \$20.0 million), which represents growth of almost 2% from the \$12.8 million collected through February 2009. In addition to these revenues, the City has received March Conveyance Tax receipts totaling \$1.3 million. This amount is 20% higher than the March 2009 amount of \$1.1 million. The 2009-2010 Construction and Conveyance Tax estimate of \$20 million allows for a decline of 2% compared to 2008-2009 actual performance of \$20.5 million. Through the first five months of the fiscal year, collections fell below anticipated levels while receipts in the last three months have reversed this trend, resulting in slight growth from the prior year.

Nearly 99% of the total Construction and Conveyance Taxes are comprised of conveyance receipts, a tax based on the value of property transfers, which are the main driver in this revenue category. The number of property transfers (sales) for all types of residences from July through February 2010 increased by approximately 23% from the same period in the prior year. Even more encouraging is the 19% increase in the February 2010 median home price of \$485,000 from the February 2009 median home price of \$406,500. February marks the fifth consecutive month in which the median home price has increased from the same month in the prior year. Another positive indicator of improvement in the residential real-estate market is the drop in average days-on-market for all types of residential property from a high of over 100 days in June 2009 to 65 days in February 2010. The growth in collection levels beginning in November 2009 is likely due to the median housing prices and number of transfers continuing to increase. Therefore, if these figures remain at current levels, it is anticipated the year-end Construction and Conveyance Tax estimate of \$20.0 million will be achieved. However, due to the volatile nature of this tax revenue, receipts will continue to be monitored closely.

Other Construction-Related Revenues

Through February, permit activity for residential, commercial, and industrial construction was significantly below prior year levels. Only 292 residential permits have been issued so far this fiscal year compared with 1,031 residential permits issued at this time last year, a 72% drop. The total valuation of commercial permits issued so far this year is \$119.2 million, a 28% drop from the prior year valuation of \$166.8 million. The \$78.6 million of industrial permits issued this year shows an even larger drop, 60%, from the prior year valuation of \$197.4 million.

This permit activity drives the revenue collection in several categories, including the Construction Excise Tax, the Building and Structure Construction Tax, and the Residential Construction Tax, and is an indicator of future activity for several other categories, such as the storm and sanitary sewer system fees.

OTHER FUNDS (Cont'd.)

Through February, actual receipts for the eight revenue sources monitored for this report totaled \$7.8 million, which represented a decrease of 42.3% from the \$13.5 million collected through the same period last year. Downward adjustments to several of these revenue categories were brought forward and approved as part of the 2009-2010 Mid-Year Budget Review. Following is a discussion of the performance for the individual revenue categories:

- *Building and Structure Construction Tax* – Receipts through February totaled \$3.3 million, which is 83.6% of the modified 2009-2010 revenue estimate of \$4.0 million. This collection level is down 42.1% from prior year collections (\$5.7 million) through February. This drop is consistent with the modified budgeted estimate which allows for a drop of 43.2% in 2009-2010. The revenue estimate was adjusted downward by 50% from \$8.0 million to \$4.0 million as part of the 2009-2010 Mid-Year Budget Review as a result of the economic downturn. Since the ending fund balance was not sufficient to offset this drop in revenue, expenditure reductions were also approved to rebalance the Building and Structure Construction Tax Fund.
- *Construction Excise Tax* - Receipts of \$4.1 million dropped 37.1% from the \$6.5 million collected during the same period last year. The budgeted estimate for this category allows for a drop of 32.3% in 2009-2010. The revenue estimate was adjusted downward by \$2.5 million (from \$8.0 million to \$5.5 million) as part of the 2009-2010 Mid-Year Budget Review as a result of the economic downturn. Since the ending fund balance was not sufficient to offset this drop in revenue, expenditure reductions were also approved to rebalance the Construction Excise Tax Fund. Receipts in this category will be closely monitored through the remainder of the year to determine if additional downward adjustments are necessary.
- *Residential Construction Taxes* – Receipts totaled \$13,000 through February, which represented 32.9% of the modified 2009-2010 estimate of \$40,000, and were down 85.2% from the fees received through the same period last year (\$89,000). It was anticipated that these collections would fall below the budgeted estimate and was adjusted downward by \$60,000 as part of the 2009-2010 Mid-Year Budget Review. There was sufficient ending fund balance to offset this revenue adjustment. An additional downward adjustment may be necessary at year-end.
- *Municipal Water Service Connection Fees* – Receipts totaled \$46,000 through February, which represented 30.8% of the modified 2009-2010 estimate of \$150,000. The revenue estimate was adjusted downward by \$230,000 as part of the 2009-2010 Mid-Year Budget Review. Because Municipal Water Service Connection Fees recover actual costs to install new services, this lower collection level is offset by lower costs.
- *Municipal Water Major Facilities Fees* – Receipts totaled \$39,000 through February, compared to the \$491,000 collected through the same period last year, as a result of the slowdown in developer activity. The budgeted revenue estimate for these fees is \$38,000

OTHER FUNDS (Cont'd.)

(the Adopted Budget estimate of \$100,000 was reduced by \$62,000 in conjunction with the 2009-2010 Mid-Year Budget Review). These fees fund the future construction of large water mains, reservoirs, and other large projects.

- *Sanitary Sewer Fees* – Fees totaled \$186,000, which represents 74.6% of the modified 2009-2010 estimate of \$250,000. This collection level was 62.3% below the fees collected through the same period last year (\$495,000). To account for this drop in collections, the revenue estimate was adjusted downward by 50% as part of the 2009-2010 Mid-Year Budget Review, offset by a reduction to the ending fund balance. The Sanitary Sewer Fees are tracking to meet the modified revenue estimate of \$250,000.
- *Storm Drain Fees* – Storm Drain Fees totaled \$60,000, which represents 80.4% of the modified 2009-2010 estimate of \$75,000. This collection level was 9.7% below the fees received through the same period last year (\$67,000). Based on current year collection trends, the revenue estimate was adjusted downward by \$50,000 as part of the 2009-2010 Mid-Year Budget Review, offset by a reduction to the ending fund balance. The Storm Drain Fees are tracking to meet the modified revenue estimate of \$75,000.
- *North San José Traffic Impact Fee Fund* – No collections were received through February, as anticipated, as a result of the slowdown in developer activity in the North San José area. The budget includes no revenue estimate for this fund as it has been changed from a budgeted fund to a memo fund to the Construction Excise Tax Fund.

Transient Occupancy Tax Fund

Through February, Transient Occupancy Tax (TOT) collections of \$3.5 million were tracking 33.2% below the prior year collection level of \$5.3 million for the same period (28.6% below after adjusting for compliance revenue). The 2009-2010 budget estimate allows for a drop of only 15.9% from the prior year. This negative variance for the first half of the year is not unexpected, since 2008-2009 TOT collections were relatively strong in the first half of the year and fell significantly in the second half of the year. As 2009-2010 progresses, TOT collections are expected to approach the estimated level; however, receipts may fall below the budgeted estimate if the expected improvement over the extremely low activity levels experienced last year is not realized in the second half of the year.

The 2009-2010 allocations to the three recipient program categories (Convention and Cultural Affairs Fund, Convention and Visitors Bureau, Cultural Grants/Programs and Services) were reduced as part of the 2008-2009 Annual Report actions, based on lower than anticipated 2008-2009 revenue receipts. Additional adjustments may be necessary if revenues fall below projected levels in 2009-2010.

Through February, the average hotel occupancy rate at the 14 major hotels was 53.19%, down from the 56.2% occupancy rate for the same period in 2008-2009. For the same 14 hotels, the average daily room rate through February is \$117.14, down from the \$134.40 room rate for the

OTHER FUNDS (Cont'd.)

same period in 2008-2009. Of note, February 2010 marks the first month for which the trailing 12-month average revenue-per-available-room (RevPAR) metric has increased since September 2008.

Convention and Cultural Affairs Fund

The Convention and Cultural Affairs Fund accounts for Team San José's operation of the City's Convention Facilities.

Through February, \$12.8 million of revenue has been recognized in the Convention and Cultural Affairs Fund attributable to the July through January period, and an additional \$1.1 million of revenue attributable to February has been reported by Team San José but not yet recognized in the fund. These year-to-date revenues of \$13.9 million are consistent with the budgeted revenue estimate of \$21.6 million.

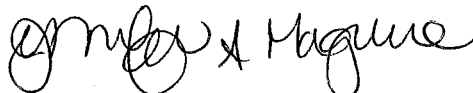
Personal Services expenditures through February of \$3.3 million are in line with the \$5.1 million annual budget. Non-personal/Equipment expenditures of \$12.4 million, however, have consumed approximately 72% of the \$17.1 million annual budget, with 33% of the fiscal year remaining. At the current rate of expenditure, Team San Jose is on pace to exceed the appropriation by approximately \$300,000. These expenditures cover all food and beverage, concert, Broadway show, parking, administrative, and various other services. The City and Team San Jose continue to work together to find a resolution to this issue, and it is anticipated that a recommendation to increase the appropriation, offset by other expenditure/ending fund balance reductions will be brought forward for City Council consideration by the end of the fiscal year.

CONCLUSION

Economic growth at the national level has not yet created the new local employment needed to improve the City's financial performance for 2009-2010. For the General Fund, revenues are tracking very close to the estimated levels with no surplus anticipated at year-end. Expenditures are tracking within budget and should end the year with a minimal amount of savings. These savings have been factored into the General Fund Forecast for 2010-2011 and will be closely monitored to ensure that the necessary level of savings can be achieved in 2009-2010 for use in 2010-2011.

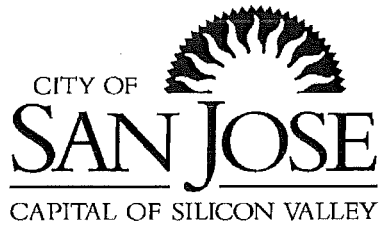
As discussed in the previous sections of this report, the Development Fee Program and many of the City's various other funds have been impacted by the lingering effects of the recession, including the Airport and construction-related funds. Budget adjustments for these funds have been brought forward during this fiscal year to align revenues and expenditures with actual activity levels. If necessary, additional adjustments will be brought forward before the end of the fiscal year to ensure these funds remain within budget.

The administration will continue to very closely monitor economic conditions, the State's budget situation, the City's economically sensitive revenues, and expenditure levels, and bring forward budget recommendations as necessary. As always, staff will continue to report to the City Council any and all significant developments through this reporting process.



JENNIFER A. MAGUIRE

Budget Director



FINANCE DEPARTMENT

Monthly Financial Report

Financial Results for the 8 Months Ended February 28, 2010
Fiscal Year 2009-10

Finance Department, City of San José
Monthly Financial Report
Financial Results for the 8 Months Ended February 28, 2010
Fiscal Year 2009-10

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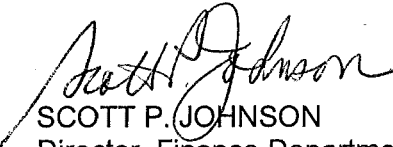
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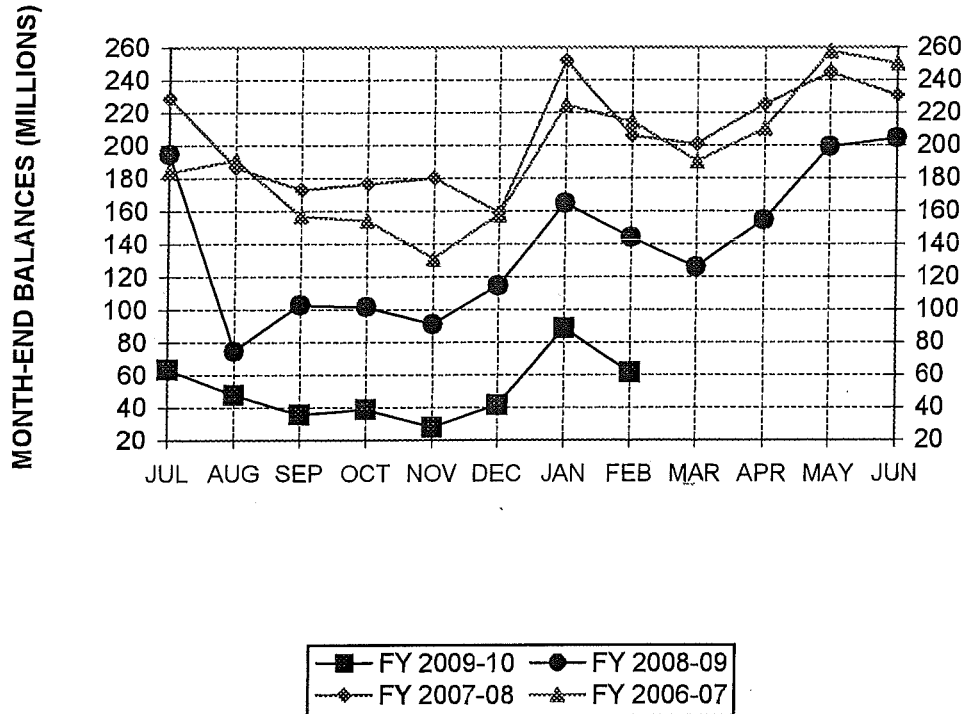
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Submitted by:


SCOTT P. JOHNSON

Director, Finance Department

GENERAL FUND Comparison of Cash Balances

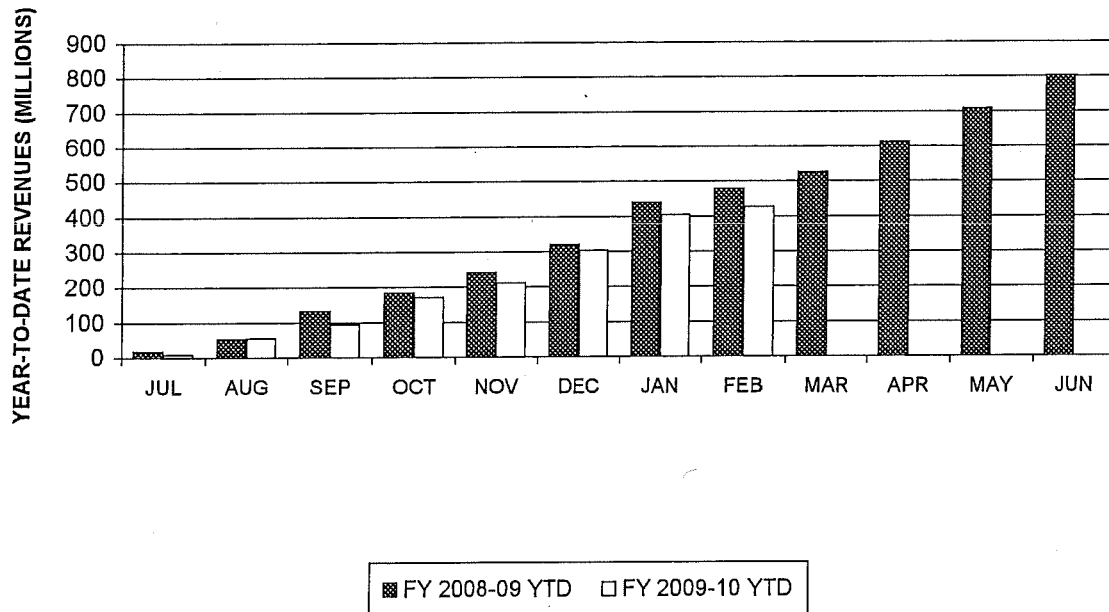


GENERAL FUND MONTHLY CASH BALANCES

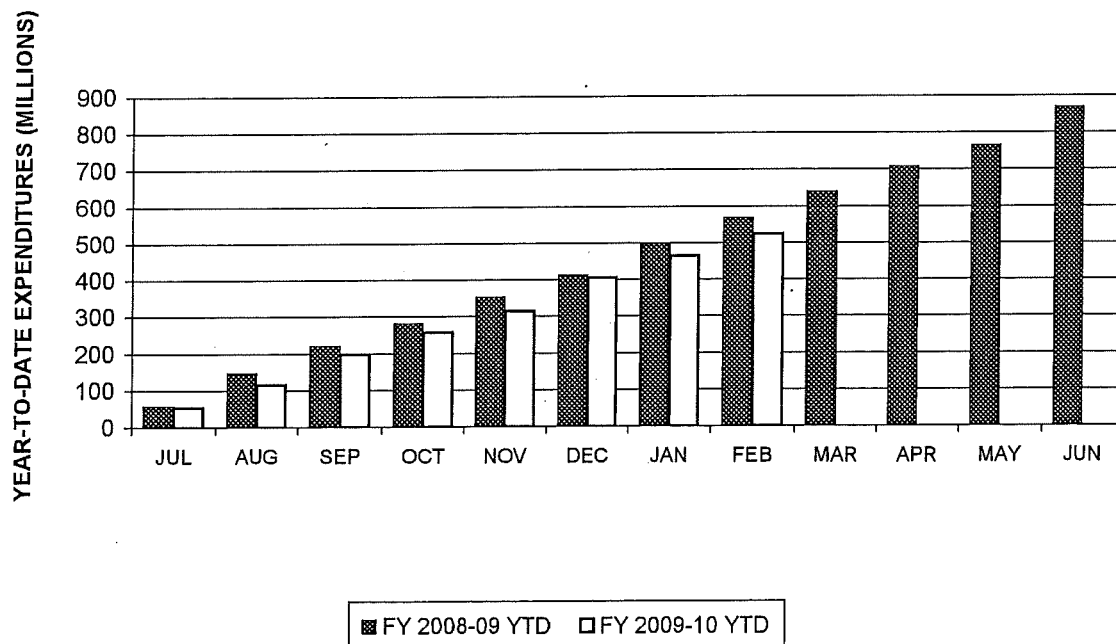
MONTH	FY 2009-10	FY 2008-09	FY 2007-08	FY 2006-07
JULY	\$ 63,344,537	\$ 194,527,843	\$ 228,551,607	\$ 183,638,084
AUGUST (1)	47,689,216	74,677,718	186,835,010	190,974,568
SEPTEMBER	35,662,298	102,811,355	173,043,887	156,674,730
OCTOBER	38,946,966	101,433,688	176,617,539	154,011,382
NOVEMBER	27,736,074	90,892,525	180,164,388	131,009,877
DECEMBER	41,491,217	114,535,815	159,164,830	157,479,064
JANUARY	88,749,418	164,539,700	251,792,153	224,766,520
FEBRUARY	61,606,869	143,802,507	205,882,438	214,574,932
MARCH		125,900,953	200,763,696	190,320,128
APRIL		154,701,704	225,008,853	210,342,744
MAY		199,321,150	244,545,422	257,771,653
JUNE		204,474,123	230,556,706	250,180,874

Note: (1) The General Fund cash balance decreased by \$102.7 million in July 2009 due to the City's budgetary action to pre-fund the employer share of retirement contributions in a lump-sum rather than in bi-weekly contributions that resulted in annual savings to the City.

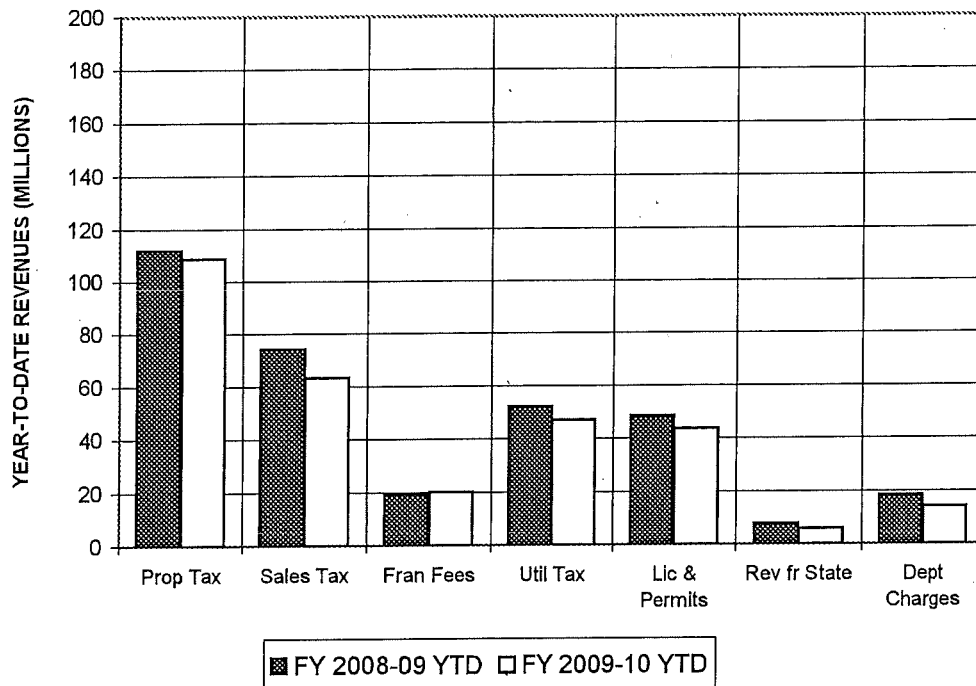
GENERAL FUND **Comparison of YTD Revenues** **Actual**



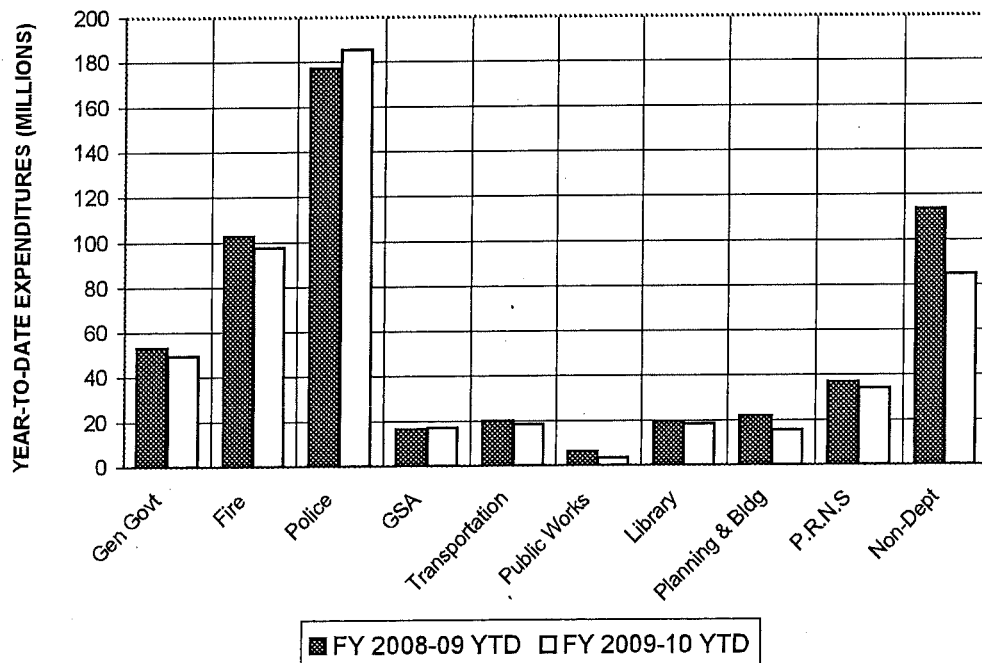
GENERAL FUND **Comparison of YTD Expenditures** **Actual**



GENERAL FUND MAJOR REVENUES
Comparison of YTD Actual vs. Prior YTD Actual
For the 8 Months Ended February 28, 2010



GENERAL FUND MAJOR EXPENDITURES
Comparison of YTD Actual vs. Prior YTD Actual
For the 8 Months Ended February 28, 2010



CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FUND BALANCE, REVENUE, TRANSFERS & REIMBURSEMENTS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	CUR YTD ACTUAL	CUR YTD % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Fund Balance											
Prior Year Encumbrances	-	-	24,107	24,107	24,107	100.00%	39,519	116.20%	34,009	(15,412)	-39.00%
Liquidation of c/o Encumbrance	-	-	-	-	-	-	-	-	-	-	-
Available Balance	152,992	20,221	-	173,213	173,213	100.00%	223,651	100.00%	223,651	(50,438)	-22.55%
Total Fund Balance	152,992	20,221	24,107	197,320	197,320	100.00%	263,170	102.14%	257,660	(65,850)	-25.02%
General Revenues											
Property Tax	198,249	1,600	-	199,849	108,673	54.38%	111,778	53.01%	210,844	(3,105)	-2.78%
Sales Tax (Note 1)	135,795	(10,720)	-	125,075	63,440	50.72%	74,193	56.20%	132,005	(10,753)	-14.49%
Telephone Line Tax (Note 2)	21,600	-	-	21,600	11,007	50.96%	-	0.00%	7,870	11,007	0.00%
Transient Occupancy Tax	6,553	-	-	6,553	3,542	54.05%	5,301	68.01%	7,795	(1,759)	-33.18%
Franchise Fees	41,422	(3,500)	-	37,922	20,247	53.39%	19,483	47.44%	41,067	764	3.92%
Utility Tax	84,959	2,680	-	87,639	47,099	53.74%	52,131	60.79%	85,750	(5,032)	-9.65%
Licenses and Permits	70,862	(6,102)	-	64,760	43,631	67.37%	48,496	68.90%	70,388	(4,865)	-10.03%
Fines, Forfeits and Penalties	18,346	(1,253)	-	17,093	9,973	58.35%	9,427	67.80%	13,905	546	5.79%
Use of Money and Property	8,205	(4,707)	-	3,498	2,023	57.83%	6,684	97.04%	6,888	(4,661)	-68.73%
Revenue from Local Agencies	50,723	179	-	50,902	26,225	51.52%	34,043	65.07%	52,317	(7,818)	-22.97%
Revenue from State of California	9,236	1,513	-	10,749	5,906	54.94%	7,690	56.80%	13,539	(1,764)	-23.20%
Revenue from Federal Government	13,892	4,292	-	18,184	1,063	5.85%	975	11.08%	8,801	88	9.03%
Departmental Charges (Note 3)	30,439	(2,901)	-	27,538	14,198	51.56%	18,426	67.55%	27,276	(4,228)	-22.95%
Other Revenues	15,462	989	-	16,451	11,267	68.49%	19,046	88.09%	21,622	(7,779)	-40.84%
Total General Revenues	705,743	(17,930)	-	687,813	368,294	53.55%	407,673	58.23%	700,067	(39,379)	-9.66%
Transfers & Reimbursements											
Overhead Reimbursements	38,325	1,129	-	39,454	33,243	84.26%	27,929	72.29%	38,634	5,314	19.03%
Transfers from Other Funds	28,119	3,416	-	31,535	20,371	64.60%	35,326	73.34%	48,170	(14,955)	-42.33%
Reimbursements for Services	17,048	20	-	17,068	4,504	26.39%	8,147	48.94%	16,648	(3,843)	-44.72%
Total Transfers & Reimburse	83,492	4,565	-	88,057	58,118	66.00%	71,402	68.02%	103,452	(13,284)	-18.60%
Total Sources	\$ 942,227	6,856	24,107	973,190	623,732	64.09%	742,245	69.95%	1,061,179	(118,513)	-15.97%

Note 1 - State Budget Balancing actions resulted in the "Triple Flip", which suspended a portion of local governments' Sales and Use Tax and Motor Vehicle License Fee revenues and replaced them with local property tax revenues. The 2009-2010 impact through February 2010 is approximately \$3.6 million.

Note 2 - Chapter 4.52 was added to the Municipal Code (by voters per 2008 Measure J) to replace the Emergency Communications System Support Fee effective April 1, 2009, originally mandated by Municipal Code Chapter 8.20.

Note 3 - See Supplemental Schedule on Page 7.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR						
General Government												
Mayor and Council	\$ 10,252	(94)	157	10,315	5,083	125	49.28%	5,291	66.49%	7,957	(208)	-3.93%
City Attorney	12,790	14	655	13,459	8,416	606	62.53%	8,733	64.18%	13,607	(317)	-3.83%
City Auditor	2,379	-	63	2,442	1,537	-	62.94%	1,545	61.95%	2,494	(8)	-0.52%
City Clerk	4,093	(648)	82	3,527	1,354	39	38.39%	2,444	62.08%	3,937	(1,090)	-4.60%
City Manager	11,247	(110)	487	11,624	6,954	532	59.82%	7,315	62.35%	11,733	(361)	-4.94%
Finance	12,094	(202)	201	12,093	7,171	547	59.30%	7,737	64.36%	12,022	(566)	-7.32%
Information Technology	17,150	(595)	808	17,363	10,027	1,087	57.75%	10,371	65.13%	15,923	(344)	-3.32%
Human Resources	8,372	(195)	44	8,221	4,893	327	59.52%	4,834	64.00%	7,553	59	1.22%
Redevelopment Agency	2,062	(156)	-	1,906	1,247	-	65.42%	1,306	64.49%	2,025	(59)	-4.52%
Independent Police Auditor	801	4	2	807	419	1	51.92%	549	70.38%	780	(130)	-23.68%
Office of Economic Development	3,826	(47)	138	3,917	2,512	97	64.13%	3,027	68.28%	4,433	(515)	-17.01%
Total General Government	85,066	(2,029)	2,637	85,674	49,613	3,361	57.91%	53,152	64.45%	82,464	(3,539)	-6.66%
Public Safety												
Fire	154,892	(155)	268	155,005	97,518	814	62.91%	102,640	64.99%	157,927	(5,122)	-4.99%
Police	296,365	(140)	1,747	297,972	185,573	2,964	62.28%	177,155	61.43%	288,395	8,418	4.75%
Total Public Safety	451,257	(295)	2,015	452,977	283,091	3,778	62.50%	279,795	62.69%	446,322	3,296	1.18%
Capital Maintenance												
General Services	27,225	(133)	446	27,538	17,203	1,819	62.47%	16,487	67.64%	24,374	716	4.34%
Transportation	31,229	(340)	740	31,629	18,549	1,926	58.65%	20,171	62.34%	32,354	(1,622)	-8.04%
Public Works	6,309	(1,084)	36	5,261	3,292	9	62.57%	6,276	66.51%	9,436	(2,984)	-47.55%
Total Capital Maintenance	64,763	(1,557)	1,222	64,428	39,044	3,754	60.60%	42,934	64.89%	66,164	(3,890)	-9.06%

(1) Does not include encumbrance balance.

CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
EXPENDITURES
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

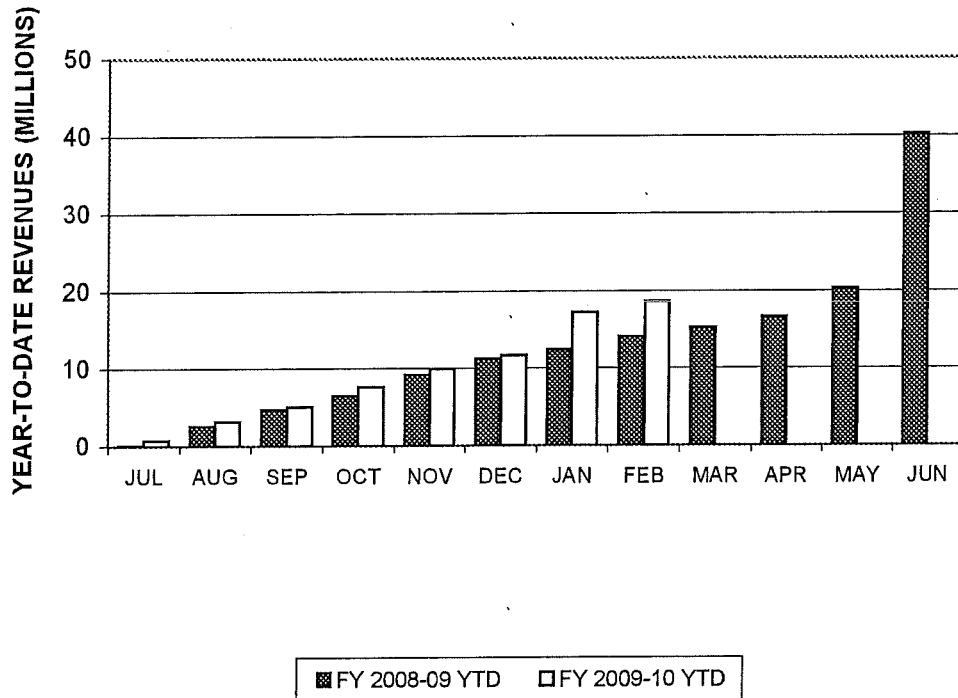
	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL(1)	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS		CUR YTD LESS PRIOR YTD ACTUAL(1)	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
					ACTUAL	ENCUMBR				ACTUAL	ACTUAL		
Community Service													
Library	30,295	(544)	348	30,099	18,387	439	61.09%	19,734	67.51%	29,232	(1,347)		-6.83%
Planning, Bldg & Code Enf.	26,578	(1,945)	180	24,813	15,708	178	63.31%	21,873	67.42%	32,442	(6,165)		-28.19%
Park, Rec & Neigh Svcs	57,829	(281)	316	57,864	34,169	3,958	59.05%	36,943	63.69%	58,006	(2,774)		-7.51%
Environmental Services	573	229	191	993	328	136	33.03%	335	55.19%	607	(7)		2.09%
Total Community Services	115,275	(2,541)	1,035	113,769	68,592	4,711	60.29%	78,885	65.58%	120,287	(10,293)		-13.05%
Total Dept. Expenditures	\$ 716,361	(6,422)	6,909	716,848	440,340	15,604	61.43%	454,766	63.58%	715,237	(14,426)		-3.17%
Non-Dept Expenditures													
City-wide Expenditures:													
Econ & Neighborhood Develop.	\$ 26,656	62	2,359	29,077	17,682	3,034	60.81%	22,252	72.95%	30,505	(4,570)		-20.54%
Environmental & Utility Services	1,634	9,679	88	11,401	1,110	118	9.74%	1,429	60.60%	2,358	(319)		-22.32%
Public Safety	20,305	2,959	730	23,994	11,062	2,049	46.10%	4,127	72.63%	5,682	6,935		168.04%
Recreation & Cultural Services	11,866	720	1,069	13,655	6,653	2,126	48.72%	4,975	49.58%	10,035	1,678		33.73%
Transportation Services	4,768	(394)	731	5,105	2,236	1,202	43.80%	1,012	40.94%	2,472	1,224		120.95%
Strategic Support	43,202	3,185	2,806	49,193	14,733	3,071	29.95%	31,824	65.45%	48,621	(17,091)		-53.70%
Total City-wide Expenditures	108,431	16,211	7,783	132,425	53,476	11,600	40.38%	65,619	65.83%	99,673	(12,143)		-18.51%
Capital Contributions	27,878	(10,419)	9,415	26,874	6,681	7,770	24.86%	12,363	72.69%	17,008	(5,682)		-45.96%
Transfers to Other Funds	23,820	1,039	-	24,859	24,632	-	99.09%	35,750	94.41%	37,868	(11,118)		-31.10%
Total Non-Dept Expenditures	160,129	6,831	17,198	184,158	84,789	19,370	46.04%	113,732	73.59%	154,549	(28,943)		-25.45%
Reserves													
Contingency Reserves	30,716	-	-	30,716	-	-	0.00%	-	0.00%	-	-		0.00%
Earmarked Reserves	35,021	6,447	-	41,468	-	-	0.00%	-	0.00%	-	-		0.00%
Total Reserves	65,737	6,447	-	72,184	-	-	0.00%	-	0.00%	-	-		0.00%
Total Uses	\$ 942,227	6,856	24,107	973,190	525,129	34,974	53.96%	568,498	65.36%	869,786	(43,369)		-7.63%

(1) Does not include encumbrance balance.

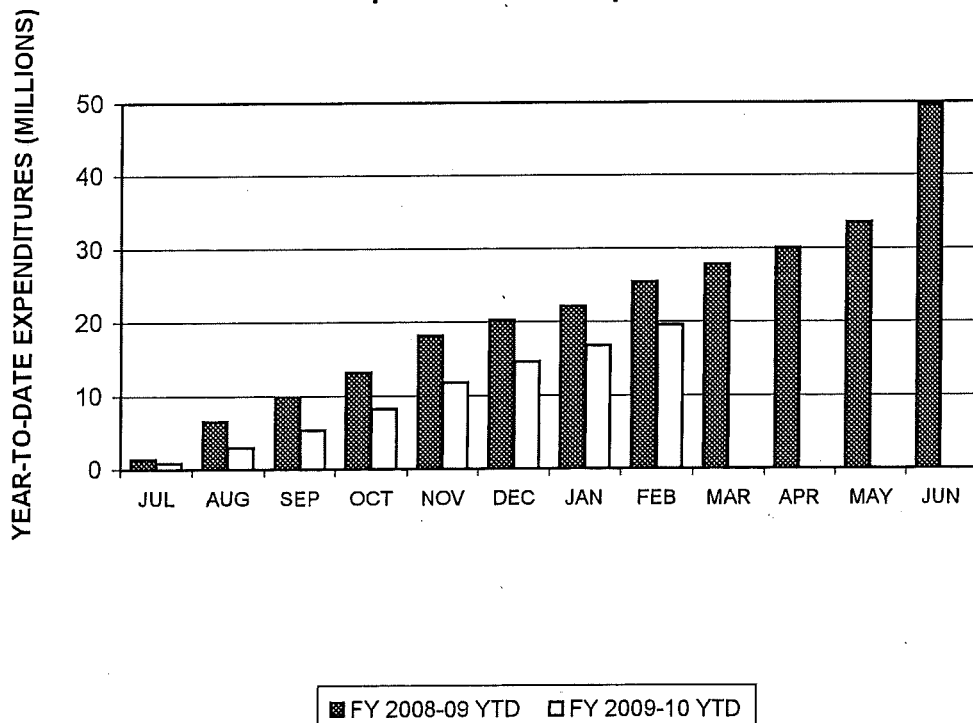
CITY OF SAN JOSE
GENERAL FUND SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
SUPPLEMENTAL SCHEDULE - DEPARTMENTAL REVENUES
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	CUR YTD ACTUAL	CUR YTD ACTUAL % OF BUDGET	PRIOR YTD ACTUAL	PRIOR YTD % OF PRIOR YEAR-END ACTUAL	PRIOR YEAR-END BUDGETARY BASIS ACTUAL	CUR YTD LESS PRIOR YTD ACTUAL	% CHANGE CUR YTD ACTUAL LESS PRIOR YTD ACTUAL
Police	\$ 2,273	(212)	-	2,061	1,174	56.96%	1,020	65.64%	1,554	154	15.10%
Public Works	5,588	(1,100)	-	4,488	2,044	45.54%	4,368	68.14%	6,410	(2,324)	-53.21%
Transportation	1,032	-	-	1,032	506	49.03%	788	72.23%	1,091	(282)	-35.79%
Library	1,887	-	-	1,887	806	42.71%	652	47.63%	1,369	154	23.62%
Planning, Bldg & Code Enf	3,978	(880)	-	3,098	1,590	51.32%	3,147	73.39%	4,288	(1,557)	-49.48%
Parks Rec & Neigh Svcs	9,417	630	-	10,047	5,323	52.98%	5,411	77.44%	6,987	(88)	-1.63%
Miscellaneous Dept Charges	6,264	(1,339)	-	4,925	2,755	55.94%	3,040	54.51%	5,577	(285)	-9.38%
Total Departmental Revenues	\$ 30,439	(2,901)	-	27,538	14,198	51.56%	18,426	67.55%	27,276	(4,228)	-22.95%

CONSTRUCTION & CONVEYANCE TAX FUNDS Comparison of YTD Revenues



CONSTRUCTION & CONVEYANCE TAX FUNDS Comparison of YTD Expenditures



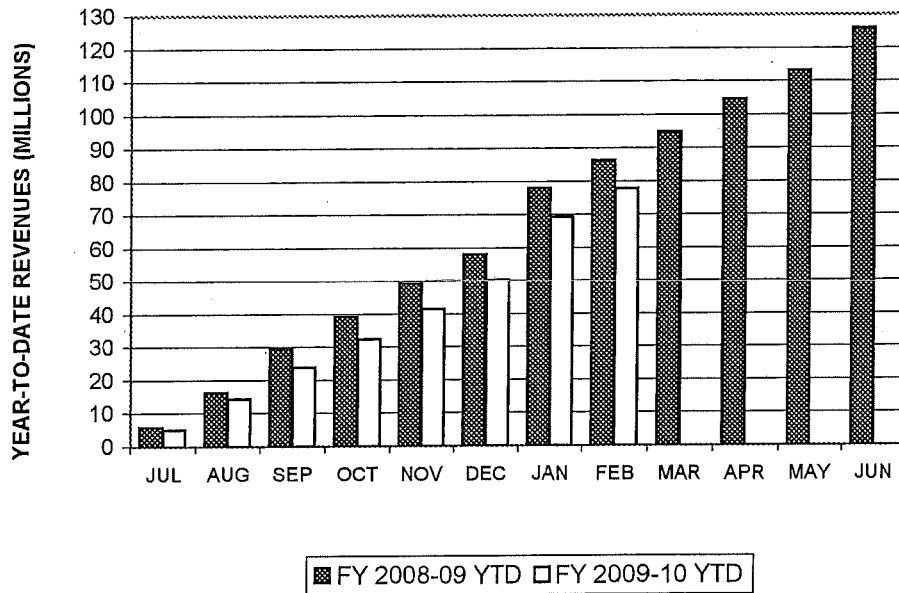
CITY OF SAN JOSE
SPECIAL REVENUE FUNDS
SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Construction/Conveyance Tax							
Prior Year Encumbrance	\$ -	-	7,799	7,799	7,799	N/A	11,383
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	67,120	13,027	-	80,147	80,147	N/A	86,637
Revenues	27,352	6,077	-	33,429	18,680	N/A	14,067
Total Sources	94,472	19,104	7,799	121,375	106,626	N/A	112,087
Total Uses	94,472	19,104	7,799	121,375	19,573	10,142	25,394
Gas Tax							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	-	-	-	-	-	N/A	-
Revenues	16,366	-	-	16,366	4,260	N/A	8,031
Total Sources	16,366	-	-	16,366	4,260	N/A	8,031
Total Uses	16,366	-	-	16,366	4,260	0	8,031
Building and Structures							
Prior Year Encumbrance	-	-	3,737	3,737	3,737	N/A	6,613
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	9,330	6,259	-	15,589	15,589	N/A	18,236
Revenues	32,029	(5,007)	-	27,022	6,908	N/A	9,505
Total Sources	41,359	1,252	3,737	46,348	26,234	N/A	34,354
Total Uses	41,359	1,252	3,737	46,348	10,849	6,351	14,255
Residential Construction							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,237	73	-	1,310	1,310	N/A	1,339
Revenues	100	(25)	-	75	28	N/A	89
Total Sources	1,337	48	-	1,385	1,338	N/A	1,428
Total Uses	\$ 1,337	48	-	1,385	55	0	95

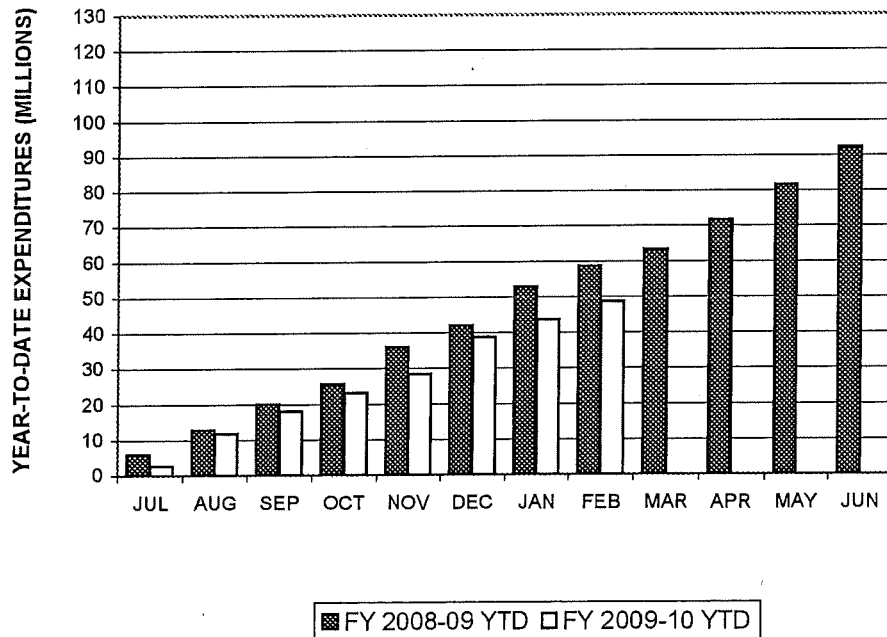
CITY OF SAN JOSE
SPECIAL REVENUE FUNDS
SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Transient Occupancy Tax							
Prior Year Encumbrance	\$ -	-	314	314	314	N/A	401
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,300	117	-	1,417	1,417	N/A	4,117
Revenues	9,844	-	-	9,844	5,384	N/A	7,385
Total Sources	11,144	117	314	11,575	7,115	N/A	11,903
Total Uses	11,144	117	314	11,575	5,718	545	10,784
Conventions, Arts & Entertainment							
Prior Year Encumbrance	-	-	345	345	345	N/A	689
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	8,755	1,136	-	9,891	9,891	N/A	7,606
Revenues	21,789	(173)	-	21,616	12,783	N/A	12,011
Total Sources	30,544	963	345	31,852	23,019	N/A	20,306
Total Uses	30,544	963	345	31,852	17,454	782	12,220
Golf							
Prior Year Encumbrance	-	-	-	-	-	N/A	-
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,118	70	-	1,188	1,188	N/A	925
Revenues	1,924	-	-	1,924	1,677	N/A	1,675
Total Sources	3,042	70	-	3,112	2,865	N/A	2,600
Total Uses	3,042	70	-	3,112	1,946	7	2,063
Other Funds							
Prior Year Encumbrance	-	-	54,760	54,760	54,760	N/A	54,679
Liquidation of c/o Encumbrance	-	-	-	-	-	N/A	-
Beginning Fund Balance	201,393	21,652	-	223,045	223,045	N/A	213,897
Revenues	527,351	36,983	-	564,334	252,655	N/A	288,220
Total Sources	728,744	58,635	54,760	842,139	530,460	N/A	556,796
Total Uses	\$ 728,744	58,635	54,760	842,139	262,577	138,469	298,933

AIRPORT REVENUE FUND 521 Comparison of YTD Revenues

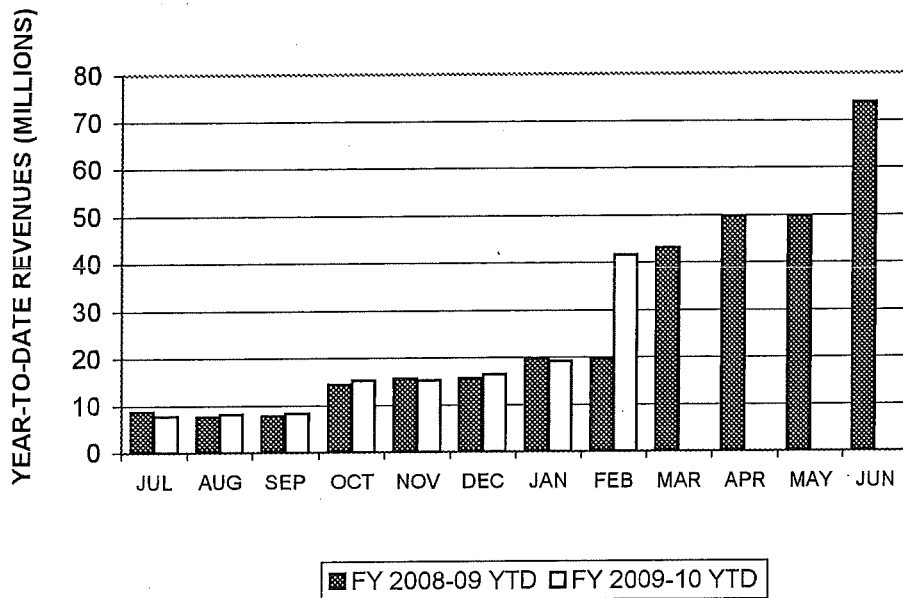


AIRPORT MAINTENANCE & OPERATING FUND 523 Comparison of YTD Expenditures

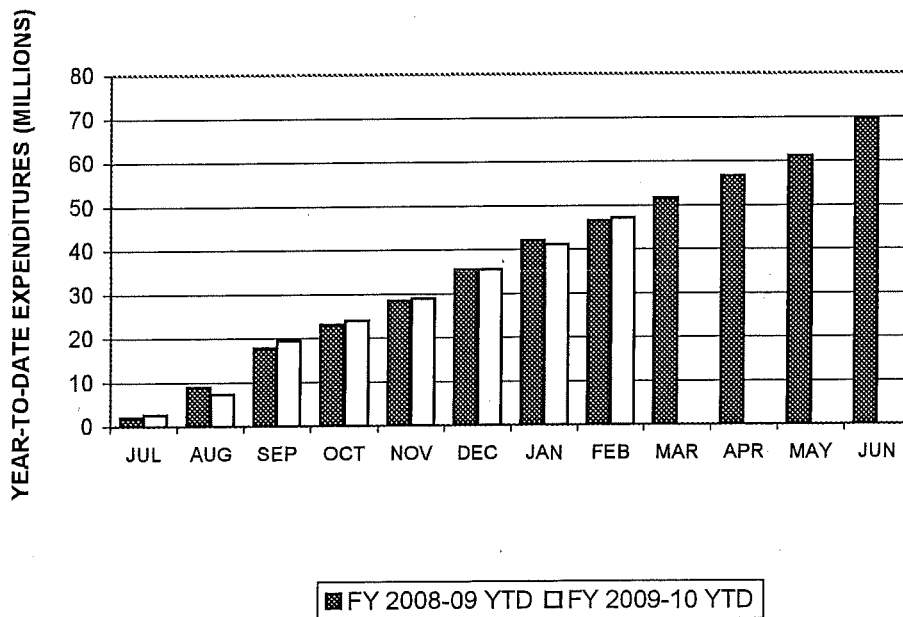


Note: The graphs above include the airport revenue fund (521) and operating fund (523) only.

**WPCP OPERATING FUND 513
Comparison of YTD Revenues**

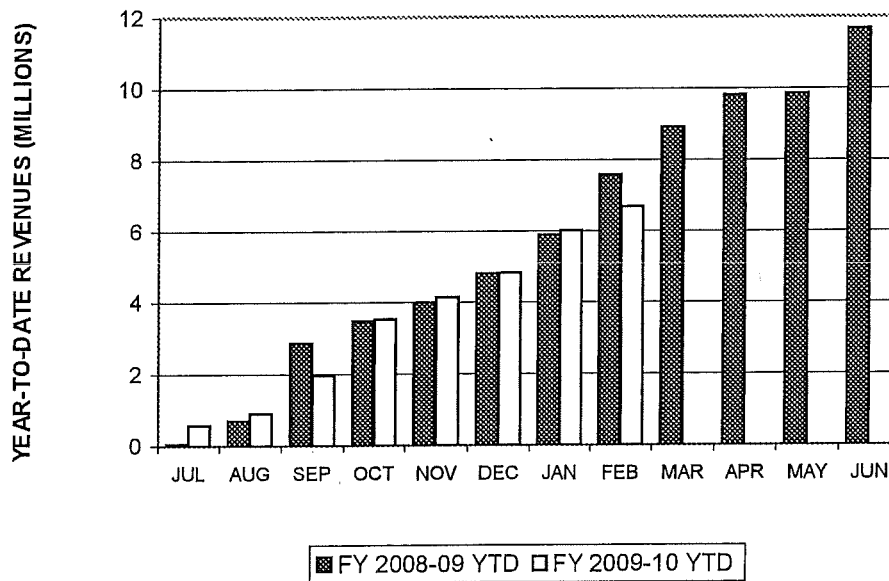


**WPCP OPERATING FUND 513
Comparison of YTD Expenditures**

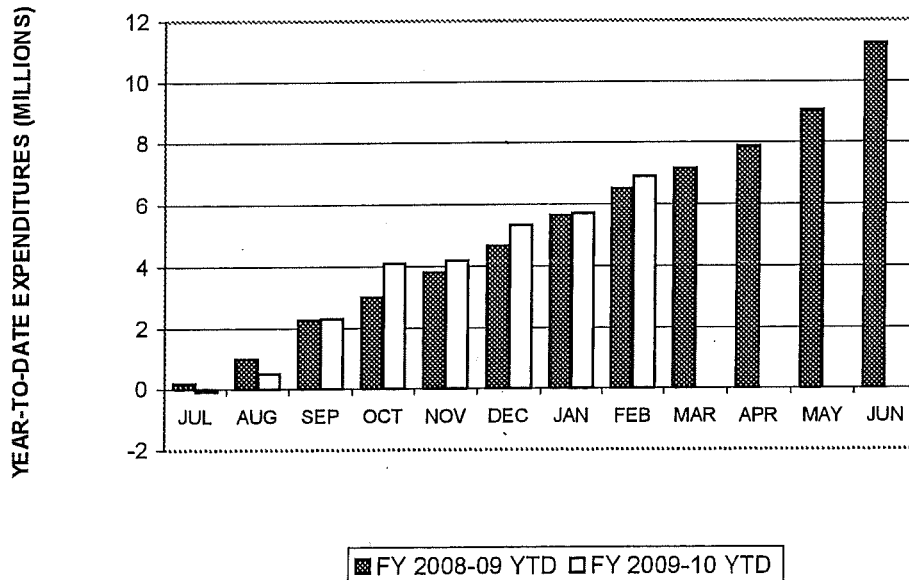


Note: Graphs above are only for WPCP operating fund (513).

PARKING OPERATING FUND 533
Comparison of YTD Revenues



PARKING OPERATING FUND 533
Comparison of YTD Expenditures



Accounting transfers that artificially increased revenues and expenditures by the same amount were included in Fund 533. An adjustment has been made to net out these transfers so that actual and operational revenues and expenditures can be compared to prior year amounts.

CITY OF SAN JOSE
ENTERPRISE FUNDS
SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Airport							
Prior Year Encumbrance	\$ -	-	331,129	331,129	331,129	N/A	496,117
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	491,434	(6,307)	-	485,127	485,127	N/A	630,858
Revenues	327,151	40,425	-	367,576	270,496	N/A	321,380
Total Sources	818,585	34,118	331,129	1,183,832	1,086,752	N/A	1,448,355
Total Uses	818,585	34,118	331,129	1,183,832	355,218	229,219	366,732
(Note 1)							
Waste Water Treatment							
Prior Year Encumbrance	-	-	42,982	42,982	42,982	N/A	54,729
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	168,191	38,347	-	206,538	206,538	N/A	171,757
Revenues	273,107	(5,185)	-	267,922	202,323	N/A	170,187
Total Sources	441,298	33,162	42,982	517,442	451,843	N/A	396,673
Total Uses	441,298	33,162	42,982	517,442	124,431	38,597	125,209
(Note 2)							
Municipal Water							
Prior Year Encumbrance	-	-	894	894	894	N/A	1,635
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	7,966	3,122	-	11,088	11,088	N/A	9,417
Revenues	29,848	(682)	-	29,166	21,593	N/A	21,555
Total Sources	37,814	2,440	894	41,148	33,575	N/A	32,607
Total Uses	37,814	2,440	894	41,148	17,659	1,109	17,384
Parking							
Prior Year Encumbrance	-	-	1,504	1,504	1,504	N/A	1,159
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	14,117	103	-	14,220	14,220	N/A	14,190
Revenues	12,718	(1,542)	-	11,176	6,685	N/A	7,579
Total Sources	26,835	(1,439)	1,504	26,900	22,409	N/A	22,928
Total Uses	\$ 26,835	(1,439)	1,504	26,900	6,907	2,036	6,507

Note 1 - All Airport Funds, including operating, revenue, capital and debt service.

Note 2 - All Waste Water Funds, including operating, revenue, capital and debt service.

CITY OF SAN JOSE
CAPITAL PROJECT FUNDS
SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBER	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBER	
Construction Excise							
Prior Year Encumbrance	\$ -	-	5,798	5,798	5,798	N/A	8,239
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	13,727	6,511	-	20,238	20,238	N/A	9,599
Revenues	40,491	(6,609)	-	33,882	6,529	N/A	21,670
Total Sources	<u>54,218</u>	<u>(98)</u>	<u>5,798</u>	<u>59,918</u>	<u>32,565</u>	<u>N/A</u>	<u>39,508</u>
Total Uses	<u>54,218</u>	<u>(98)</u>	<u>5,798</u>	<u>59,918</u>	<u>19,342</u>	<u>12,103</u>	<u>26,170</u>
Redevelopment Projects							
Prior Year Encumbrance	-	-	4,431	4,431	4,431	N/A	5,019
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	2,331	7,183	-	9,514	9,514	N/A	8,074
Revenues	-	714	-	714	677	N/A	3,423
Total Sources	<u>2,331</u>	<u>7,897</u>	<u>4,431</u>	<u>14,659</u>	<u>14,622</u>	<u>N/A</u>	<u>16,516</u>
Total Uses	<u>2,331</u>	<u>7,897</u>	<u>4,431</u>	<u>14,659</u>	<u>3,969</u>	<u>4,849</u>	<u>5,856</u>
Other							
Prior Year Encumbrance	-	-	60,226	60,226	60,226	N/A	129,053
Liquidation of c/o Enc.	-	-	-	-	-	N/A	-
Beginning Fund Balance	104,086	2,531	-	106,617	106,617	N/A	144,657
Revenues	14,439	2,115	-	16,554	2,874	N/A	8,386
Total Sources	<u>118,525</u>	<u>4,646</u>	<u>60,226</u>	<u>183,397</u>	<u>169,717</u>	<u>N/A</u>	<u>282,096</u>
Total Uses	<u>\$ 118,525</u>	<u>4,646</u>	<u>60,226</u>	<u>183,397</u>	<u>53,666</u>	<u>31,948</u>	<u>76,173</u>

**CITY OF SAN JOSE
OTHER FUND TYPES
SOURCE AND USE OF FUNDS
FOR THE 8 MONTHS ENDED FEBRUARY 28, 2010
(UNAUDITED)
(\$000's)**

	ADOPTED FY 2009-10 BUDGET	YTD BUDGET AMENDMENTS	C/O ENCUMBR	REVISED FY 2009-10 BUDGET	YEAR-TO-DATE		PRIOR Y-T-D ACTUAL
					ACTUAL	ENCUMBR	
Trust and Agency							
Prior Year Encumbrance	\$ -	-	3	3	3	N/A	33
Liquidation of c/o Enc	-	-	-	-	-	N/A	-
Beginning Fund Balance	1,935	366	-	2,301	2,301	N/A	2,378
Revenues	80	441	-	521	601	N/A	685
Total Sources	<u>2,015</u>	<u>807</u>	<u>3</u>	<u>2,825</u>	<u>2,905</u>	<u>N/A</u>	<u>3,096</u>
Total Uses	<u>\$ 2,015</u>	<u>807</u>	<u>3</u>	<u>2,825</u>	<u>259</u>	<u>10</u>	<u>433</u>